

BATTLE OF THE REFORM LAWS: FINANCIAL VS HEALTH


BCBSA FINANCIAL CONFERENCE:
SEPTEMBER 10, 2010

STATES, FEDS, NAIC-WHAT A TRIO!

- Three Stooges—Oh, wise guys!
- Three Musketeers-One for all and all for one!
- Three Blind Mice—Huh?
- The Holy Trinity-Who is God?
- Blood, Sweat and Tears-Spinning Wheel

DODD-FRANK BILL

- INSURANCE PROVISIONS-TITLE V
- Establish FIO (Federal Insurance Office) within Dept of Treasury
 - Monitor all aspects of insurance industry
 - Recommend improvements to regulatory system
 - Develop federal policy on international insurance matters
 - Serve as advisory to the Federal Stability Oversight Council

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- Create Federal Stability Oversight Council (FSOC) with authority to determine systemic issues within financial systems including insurance
 - Provide grant program to fund technology and develop educational materials to protect seniors from fraud
 - Require states to enter compact or similar procedures to streamline surplus lines/reinsurance issues
 - Exempts indexed annuities from federal regulation by SEC if they meet certain standards
 - Creation of consumer protection agency

IMPLICATION OF NEW FEDERAL FINANCIAL LAW

- More regulatory authority by the federal government
- Treasury will regulate international issues
- Regulatory “creep” by Treasury into insurance regulation
- Larger insurance entities to be regulated more at federal level-smaller entities left behind
- Dual regulation possible
- How will it be paid for? Loss of state premium tax?

HEALTH CARE REFORM

- WHO'S ON FIRST?
- WHO REGULATES?
- NAIC INVOLVEMENT
 - MLR
 - DEFINITIONS
 - RATE REVIEW
 - GRANTS FOR LOTS OF STUFF
- CERTIFICATION BY FEDS
- STATES VS FEDERAL OVERSIGHT

HEALTH CARE MARKET ISSUES

- COMPLAINTS-HOW RESOLVED
- RATE PROBLEMS-WHO'S IN CHARGE
- UNDERLYING HEALTH CARE COST DRIVERS-
WHAT'S A PERSON TO DO
- WHERE IS THE MEDICAL PROFESSION ON
UNDERLYING HEALTH CARE ISSUES
- WHERE ARE THE CONSUMERS? WHAT IS THEIR
RESPONSIBILITY

WHERE ARE THE STATES NOW?

- Solvency Modernization
- International Reform
- Federal Creep
- Dual Charter, Optional Charter, NO CHARTER?
- State legislatures, premium tax and federal oversight
- Banks vs. insurance carriers vs. securities firms—who has the bigger wallet or mouth or influence?

QUESTIONS

- DO YOU HAVE ANY?
- ARE YOU SURE YOU WANT TO ASK THEM?
- DO YOU THINK I HAVE THE ANSWERS (I HAVE SOME SWAMP LAND IN ARIZONA!)
- OK-GO AHEAD AND ASK THEM